

April 15, 2013

The Honorable Jim Gerlach  
Rayburn House Office Building Room 2442  
Washington, DC 20515

The Honorable Linda Sanchez  
Rayburn House Office Building Room 2423  
Washington, DC 20515

Dear Reps. Gerlach and Sanchez:

As organizations representing interests in U.S. agriculture including farmers and ranchers, equipment manufacturers and dealers and their many thousands of employees, we commend the Ways & Means Committee on its collaborative approach to tax reform by forming working groups to review current law and to compile feedback from a wide-array of stakeholders. We urge the Manufacturing Working Group to make permanent a five-year depreciation schedule for agricultural equipment.

In the Renewable Energy and Job Creation Act of 2008, Congress wisely and appropriately changed the depreciation schedule for agricultural equipment from seven to five years. However, the modified schedule and all of the benefits it provides to U.S. agriculture and manufacturing expired at the end of 2009. Additionally while an extension of this important provision was included in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 it was removed in the final hour for arbitrary reasons.

This change in depreciation schedule makes the tax code more consistent since construction equipment, which has similar use patterns and life-span as agricultural equipment, is depreciated over five years.

It also aids rural development, supports American manufacturing, improves farm safety and environmental stewardship. Agriculture is an equipment-intensive industry with nearly \$133 billion of stock in use during any given year. The share of farm assets attributable to machinery and farm-use motor vehicles makes up 5.6 percent of total assets owned by farmers and ranchers. The U.S. Department of Agriculture's Farm Service Agency surveys show that, on average, farmers and ranchers finance business equipment and machinery for five years. Aligning depreciation and debt service increases farm income by \$850 million in a typical year, helping farmers and ranchers cover their debt service, and facilitates the replacement of worn-out machinery.

The U.S. is the world leader in agricultural equipment production directly and indirectly employing 250,000 workers. A five-year depreciation schedule will boost domestic demand helping keep these jobs here. Furthermore, today's equipment is fitted with the latest safety features to help prevent injury and loss of life, as well as technology employing emission controls, assisted steering and global positioning systems reducing air pollution and fertilizer runoff.

Thank you for giving us the opportunity to comment on this important issue to as we work to benefit America's farmers, ranchers, dealers and manufacturers.

Sincerely,

Agricultural & Food Transporters Conference  
Agricultural Retailers Association  
American Farm Bureau Federation  
American Sheep Industry Association  
American Soybean Association  
Associated Equipment Distributors  
Association of Equipment Manufacturers  
Farm Equipment Manufacturers Association  
National Barley Growers Association  
National Cattlemen's Beef Association  
National Cotton Council

National Council of Farmer Cooperatives  
National Farmers Union  
National Potato Council  
National Turkey Federation  
North American Equipment Dealers Association  
United Egg Producers  
United Producers, Inc.  
USA Rice Federation  
US Canola Association  
Western Growers Association